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TREASURY FOR DPETERS, RHALL, RABDULRAZAK  
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USDOC FOR USPTO - PAUL SALMON  
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TAGS: [ETRD](#) [EFIN](#) [EINV](#) [PGOV](#) [NI](#)

SUBJECT: NIGERIA: TINAPA BUSINESS RESORT REMAINS DORMANT

REF: A. Lagos 0061

[B](#). Abuja 1306

[C](#). 07 Lagos 768

Tinapa Operations Hamstrung by Bureaucracy  
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[1](#). (U) One year after its official opening in April 2007, under the administration of former Cross River State Governor Donald Duke, the Tinapa Business and Leisure Resort in Calabar, developed at a cost of naira 45 billion (USD 380 million) remains dormant. The failure of the Government of Nigeria (GON) to approve the procedures and guidelines agreed upon with private sector investors for Tinapa's take-off in October 2007 constitutes the major cause of delay. Though notable local and international retail businesses had expressed interest in Tinapa, and some had actually moved in before April 2007, the shops were closed down by the Nigerian Customs Service (NCS) officials. Purportedly the whole Tinapa Shopping Centre has not been documented in the official GON gazette as required by law before it can operate as a free trade zone, a process that commenced early 2007.

Delay Also Has Political Undertones  
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[2](#). (U) Inyang Ewa-Henshaw, Finance Director of Tinapa Business and Leisure Resort, June 25, told EconOff the current Cross River State (CRS) government, as a shareholder, has failed to take ownership of the project, because Tinapa was inherited from the previous administration. He decried the lackluster approach of the state government despite Tinapa's potential to fund itself, generate revenue for the state, and create local employment opportunities. He also attributed the delay in reconstitution of Tinapa's board of directors to the state government.

State Spends USD 1.3 Million Monthly on Operation  
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[3](#). (U) Ewa-Henshaw said that the Cross River state government spends Naira 150 million (USD 1.3 million) monthly to keep the business resort running despite the lack of activities. Major overhead costs include the generation of 2 megawatts of power using diesel, facilities maintenance, and staff salaries. He also estimated revenue losses to the government are at over Naira 500 million (USD

4.2 million) monthly. Rents are currently suspended for the few businesses that are open until the resort becomes operational, Ewa-Henshaw said, which adds to the operational costs. This is to encourage the tenants and give visitors a sense of what Tinapa could offer.

¶4. (U) Comment: A fully operational Tinapa Business Resort would provide Cross River State with the much needed revenue and employment opportunities. Stalled operation, state government's inertia, and non-compliance with GON's regulation are illustrative of the problems facing similar commercial development projects throughout Nigeria. At the very least, the Tinapa experience serves as reality check for investors, developers, and state governments rushing through the conception and implementation of projects in Nigeria's still difficult political and business environment. End comment.

¶5. (U) This cable has been cleared by Embassy Abuja.

Blair